



Tennessee State Board of Accountancy
Department of Commerce and Insurance

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MINUTES

TENNESSEE STATE BOARD OF ACCOUNTANCY MEETING

August 25, 2003

The meeting of the Tennessee State Board of Accountancy convened in the Davy Crockett Tower, Nashville, Tennessee, August 25, 2003, at 1:00 pm.

Members present were David Curbo, Chairman; Micheal Vaughn, Vice-Chairman; Mark King, Charles Frasier, L. Dan Johnson, Douglas Warren, Cecilia Barnes and Kenneth Cozart. Also present were Darrel Tongate, Executive Director; M. Connaught O'Connor, Staff Counsel; Leona Holston, Administrative Assistant; Linda Biek, Investigator; Jeanetta Cothron, Statistical Analyst; and Brad Floyd, Executive Director of the TSCPA.

David Curbo called the meeting to order at 1:00 pm. Mr. Curbo introduced the new Board Members, Douglas Warren, Kenneth Cozart and Cecilia Barnes and welcomed Brad Floyd.

David Curbo asked for a motion to approve the minutes from the June 23, 2003 and the July 30, 2003 Board meetings. Dan Johnson motioned to approve the minutes for both the June and July Board meetings. Micheal Vaughn seconded the motion; it was voted on and passed 8-0.

Darrel Tongate informed the Board of the following information:

- ✓ Mark Layne is not attending the meeting today because he is in Russia adopting a child.
- ✓ Maxie Patton is still on the Board until his position is filled.
- ✓ Bill Dunavant sent a letter of resignation to the Board.
- ✓ Ethel Mims is on Family Medical Leave.

Mr. Tongate welcomed the new Board Members.

Darrel Tongate presented the **Executive Director's Report:** (see attached report)

- 1) Darrel announced the Rule Making Hearing is set for September 15. The next Board Meeting date is November 14, 2003. The tentative 2004 Board Meeting dates are March 26th, June 25th, August 27th, and November 22nd. All Board Members agreed that these dates are okay.
- 2) NASBA's next annual meeting is in Maui Hawaii. NASBA has agreed to pay for five of us to attend. Four Board Members have asked to go; there is one space still open.
- 3) Per attached letter, NSA has dropped their plans to have a set of financial reporting standards.
- 4) Proctors are needed to for the November CPA Examination.

	November 5 th	November 6 th
Nashville:	Mike Vaughn/Darrel Tongate	Charles Frasier/Darrel Tongate
Knoxville:	Mark King	Mark King
Memphis:	Kenneth Cozart	David Curbo

- 5) Approval is needed for the release of the May CPA Exam Grades. Dan Johnson motioned to approve the release of the May CPA exam grades. Micheal Vaughn seconded the motion; it was voted on and passed 8-0. Charles Frasier will audit the exam grade package when it comes in.
- 6) The CBT contract is still in process. Mr. Tongate gave an update of the status of the CBT contract.

- 7) The FOCUS question answers forward to you need to be approved. Charles Frasier motioned to approve the answers to the FOCUS questions with no changes. Mark King seconded the motion; it was voted on and approved 8-0.
- 8) We would like to switch back to a 4-page renewal form to include the CPE listing to assist in the CPE audits. Micheal Vaughn motioned to approve the change in the CPA renewal form. Mark King seconded the motion; after some discussion, the motion was voted on and approved 8-0.
- 9) Suggestion to the Board if Legislation opens up for a law change: allow other state licensees to practice in Tennessee on their state's CPA certificate and not require a TN CPA certificate if they do not reside in Tennessee. If not, a National License may happen.
- 10) NASBA has reviewed the exam grades and found no problems.
- 11) We issued TN CPA certificate #18,000 on August 6, 2003. Also, we have a silver medalist exam candidate from the May 2003 exam who made grades of 99,99,98 and 98.
- 12) Will Pugh asked me to make the Board aware of two articles from the Practical Accountant (see attached). One is on the AICPA Shared Services and the other is regarding the Texas Board being given more power. Also Will's wife, Henrietta, has cancer. Please keep her in your prayers.
- 13) Tennessee will have six (6) Prometric testing sites (see attached list).
- 14) Bill Dunavant, the Public Member of the Board, resigned. A copy of his letter is attached.

David Curbo asked Dan Johnson to take Darrel's comments back to Legislation and asked the Board Members to read the two articles from Will Pugh.

Darrel informed the Board Members of a 5-page report/complaint NASBA received regarding a grade challenge. There was some discussion and Darrel informed the Board Members that NASBA, CPAES and the AICPA were all checking into the allegations.

Connaught O'Connor presented the **Attorney's Report/Probable Cause Committee report** (copy attached) Micheal Vaughn motioned to approve the report and recommendations as presented. Dan Johnson seconded the motion; it was voted on and approved 8-0.

Charles Frasier presented the **CPE Committee Report**. (See attached)

- 1) Charles Frasier motioned to approve the issuance of 117 new CPA certificates and 35 reciprocal CPA certificates whose experience and other qualifications have been approved by the Board's staff. David Curbo seconded the motion; it was voted on and approved 8-0.
- 2) The CPA renewal application is being changed to a four 4-page form (including CPE listing) to be completed and returned for renewal along with an additional statement to be returned with the renewal fee.

Mark King presented the **Peer Review Committee Report**.

- 1) He reported that 403 firms were due peer reviews in 2003. Of those, 25 have scheduled their review with the TSBA, 24 have completed their review with the TSBA, 197 are scheduled using the AICPA program, 31 have completed their review through the AICPA program, 17 have closed their office or become exempt and 109 have not responded at this time.
- 2) 28 new firms have been approved since the June Board Meeting.
- 3) The committee reviewed and approved 2 exempt requests.
- 4) The Committee discussed recommended actions to be taken when a firm has two substandard peer reviews. The Committee will meet with the Sub-Committee (Review Committee) in November to discuss recommendations.
- 5) **Policy Statement:** Mark King motioned to the Board to remove the work "and" in front of the word 'Company' in the Board's Policy manual regarding approving firm names. Micheal Vaughn seconded the motion; it was voted on and approved 8-0.
- 6) Mark King motioned to the Board to add the "Substantial Equivalent States" document/report to the Tennessee State Board of Accountancy's website for public display. Micheal Vaughn seconded the motion; it was voted on and approved 8-0.

At this time, David Curbo asked Brad Floyd, Executive Director of the TSCPA, if he had any comments. Mr. Floyd responded he did not have any comments.

Old Business:

Rule Making Hearing: A Rule Making Hearing is scheduled for Monday, September 15th at 10:00 am.

There being no further business to come before the Board the meeting was adjourned.

CHAIRMAN

SECRETARY